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SENSITIVE

SIPDIS

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SUBJECT: PHILIPPINE PROGRESS TOWARD INTEGRATED EXPORT CONTROLS

¶1. (SBU) Summary: While the Philippines is not a major producer of strategic items, its active terrorist organizations, incomplete laws, poor enforcement, and widespread corruption makes it a weak link in the global export control regime. Post is working with Philippine counterparts to help them build a more effective export control system. In the last two years we have provided training and expertise, installed radiation detection equipment in Manila ports, assessed the security and safety of biological laboratories, assisted in safeguards improvements, and lobbied for and provided information on improving the export control legal regime. At our urging, the Philippines is currently drafting comprehensive export control legislation. End summary.

The need for comprehensive export controls

¶2. (SBU) The Philippines is not a major producer of items subject to export controls. However, the southern Philippines is a breeding ground for terrorist activity, and has been designated a "terrorist safe haven" since the classification was created in 2006. Because of links between domestic terrorists and international terrorist organizations including Jemaah Islamiyah and Al-Qaida, the Philippines is a weak link in global strategic trade management. In many cases, the links between these groups have taken the form of assistance in procuring weapons and explosives. The major factors that contribute to this situation include the numerous unpatrolled Philippine islands, a strategic location at the crossroads of global shipping routes, multiple domestic terrorist groups, endemic corruption, poorly trained staff in key agencies, lack of inspection and monitoring equipment, and absence of a comprehensive strategic trade control regime.

¶3. (SBU) The lack of strict implementation of existing laws poses additional proliferation threats. For example, the semi-conductor industry, important to the Philippines, uses some chemicals for which safeguards are established under international agreements. However, the country has not effectively implemented those safeguards. The Philippines has long had a thriving illegal market for small arms and other military equipment in the country. At present, the Philippines does not have a national inventory of pathogens and biological agents available in their laboratories even though this is a requirement of agreements that the Philippines has signed. Of particular concern are the lack of clear provisions on dual-use items and the lack of a national control list.

International commitments

¶4. (SBU) The Philippines plays an active role in international and regional nonproliferation efforts, but could do much more if it had a unified export control regulatory regime. It is a party to the Non-Proliferation Treaty, the Chemical Weapons Convention, the Biological Weapons Convention, and other such agreements. It accepts International Atomic Energy Agency safeguards and the Additional Protocol. The Philippines is part of the U.S. Megaports,

Container Security, and Proliferation Security Initiatives. It is also a party to the Southeast Asia Nuclear Weapon-Free Zone Treaty. Our Export Control and Related Border Security (EXBS) program provides assistance in form of training and equipment donations to help the Philippines become more involved in regional and international arrangements and to better meet their international commitments.

U.S. and GRP Collaboration

¶15. (SBU) In order to assist the Philippines to develop and strengthen its strategic trade controls, the Export Control and Related Border Security (EXBS) program has delivered several training programs and donated equipment to Philippine agencies since 2007. EXBS has conducted five workshops that trained a total of some 200 participants in the areas of proliferation awareness, commodity identification, national control lists, cargo examination, and other related issues. EXBS has sponsored eighteen Philippine government officials on travel abroad for export control training and conferences. Econ officers have collaborated with the Philippine Office of the Special Envoy on Transnational Crime, under the Office of the President to tailor this training to the specific needs of the Philippines.

¶16. (SBU) Between 2006 and 2008, the U.S. nuclear non-proliferation program "Megaports Initiative" installed radiation detection equipment and communication systems in two Manila ports. This equipment detects the presence of nuclear and other radioactive materials in containerized cargo to help counter the threat of terrorists shipping nuclear materials to the United States. Post

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has also encouraged the Philippines to endorse the Global Initiative to Combat Nuclear Terrorism, an issue which is still under study here.

Philippines prepares to draft new legislation

¶17. (SBU) In recent years, the Office of the Special Envoy on Transnational Crime has become a leading force for comprehensive strategic trade law in the Philippines. As an initial step, the Special Envoy has formed a technical working group composed of representatives from the Departments of Trade, Environment and Natural Resources, Science and Technology, Defense, and the Bureau of Customs. The working group has compiled existing laws, regulations and documents related to strategic trade management to serve as a reference in drafting a comprehensive strategic trade law for the Philippines. It has met several times in the last two months to discuss draft legislation. In late January 2009, EXBS conducted a Legal and Regulatory Workshop in Manila on Strategic Trade Controls. In the course of three days, the U.S. team trained thirty-two participants from various government agencies and provided advice on drafting the needed legislation. The overarching message of the workshop was that passage of comprehensive export control legislation was an important step toward resolving current inadequacies.

¶18. (SBU) Post plans follow-up training on implementing rules and regulations for export control legislation, and later this year will sponsor ten Philippine officials to travel to the U.S. to learn about our export control system and to liaise with U.S. legislative experts.

KENNEY